

Message Text

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PASS COMMERCE FOR BEWT/DOWNEY, ABRAHAMSON, STECHSHULTE

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E.O. 11652: N/A

TAGS: ETRD EAGR UR US

SUBJECT: MAJOR TRADE OPPORTUNITY: EXPANSION OF SOVIET

GRAIN STORAGE CAPACITY

1. SUMMARY: THE USSR PLANS TO EXPAND ITS GRAIN STORAGE CAPACITY BY 40 MILLION METRIC TONS DURING THE 1976-80 FIVE YEAR PLAN, AN INCREASE OF OVER 30 PERCENT. KEY OFFICIALS OF THE MINISTRY OF PROCUREMENTS HAVE EXPRESSED STRONG INTEREST IN U.S. EQUIPMENT AND TECHNOLOGY FOR USE IN THIS EXPANSION. THIS MESSAGE DETAILS THEIR INTEREST AND PRESENTS THE EMBASSY'S RECOMMENDATIONS FOR HANDLING THIS MAJOR TRADE OPPORTUNITY. END SUMMARY

2. THE REFERENCED MESSAGES REPORT DETAILS OF THE SOVIETS' PROJECTED 3.5 BILLION RUBLE INVESTMENT IN 40 MILLION METRIC TONS OF ADDITIONAL GRAIN STORAGE CAPACITY--34 MILLION TONS IN

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CONCRETE ELEVATORS AND SIX MILLION TONS IN METAL SILOS. TO

EXPLORE POSSIBLE OPPORTUNITIES FOR U.S. FIRMS IN THIS PROJECT, COMMATT, AGATT, AND COMMOFF MET ON JAN 30 WITH L.A. TESLER, DEPUTY CHIEF AND CHIEF ENGINEER, MAIN ADMINISTRATION OF THE (GRAIN) ELEVATOR INDUSTRY OF THE MINISTRY OF PROCUREMENTS; S.M. SAVCHENKO OF HIS SECTION; AND M.M. KUZNETSOV, CHIEF OF THE MINISTRY'S FOREIGN RELATIONS DEPARTMENT. IN A FORTHCOMING, BUSINESSLIKE PRESENTATION THEY DESCRIBED THEIR INTEREST IN AMERICAN PRODUCTS AND TECHNOLOGY IN THE FOLLOWING AREAS:

A) CONCRETE ELEVATORS: TESLER SAID THE SOVIETS WOULD CONTINUE TO BUILD ELEVATORS FROM PRE-STRESSED PANELS--A TECHNIQUE HE SAID WAS QUITE ECONOMICAL BUT NOT CURRENTLY EMPLOYED IN THE UNITED STATES. SUBSTANTIAL NUMBERS OF US-STYPLE POURED CONCRETE ELEVATORS WILL ALSO BE CONSTRUCTED, HOWEVER, AND TESLER SUGGESTED THERE MIGHT BE OPPORTUNITIES HERE FOR AMERICAN COMPANIES.

B) METAL SILOS: ACCORDING TO TESLER, SOVIET TECHNOLOGY IS LESS DEVELOPED IN THIS AREA SO THAT THERE SHOULD BE DEMAND FOR BOTH THE SILOS THEMSELVES AND PLANTS TO PRODUCE THEM. HE MENTIONED THAT THE MINISTRY WAS INTERESTED IN DOING ADDITIONAL BUSINESS WITH BUTLER MANUFACTURING.

C) GRAIN DRYING EQUIPMENT: TESLER STRESSED THE MINISTRY'S INTEREST IN THE LATEST US DRYING EQUIPMENT BUT ADDED THAT THE SOVIETS HAD DEVELOPED A VERY ADVANCED SYSTEM THEMSELVES, WHICH IS NOW USED IN 25 PERCENT OF THEIR GRAIN STORAGE FACILITIES. HE SPECIFICALLY MENTIONED CAMPBELL INDUSTRIES IN THIS CONNECTION AND CITED EQUIPMENT FOR "ACTIVE VENTILATION" AND GRAIN CONSERVATION AS EXAMPLES OF PRODUCTS HIS MINISTRY MIGHT WISH TO BUY.

D) GRAIN CLEANING EQUIPMENT: THE SOVIETS NOW HAVE MACHINES WHICH CAN HANDLE 100 TONS OF GRAIN, BUT THEY NEED EQUIPMENT WITH 150, 200 AND 300-TON CAPACITIES. THERE IS PARTICULAR INTEREST IN MACHINERY FOR CLEANING SEED WHEAT, WHICH TESLER SAID WAS AN ESPECIALLY WEAK POINT AT THIS TIME.

E) GRAIN QUALITY ANALYZING INSTRUMENTS: (NOTE: WE SUBSEQUENTLY SENT THE MINISTRY SALES LITERATURE DESCRIBING GRAIN ANALYZERS MANUFACTURED BY NEOTEC, ROCKVILLE, MD.)
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F) GRAIN HANDLING EQUIPMENT: TESLER NOTED THE MINISTRY'S INTEREST IN EQUIPMENT FOR LOADING AND UNLOADING GRAIN AT BOTH THE FARM AND THE ELEVATOR. WHEN COMMATT MENTIONED DUNBAR-KAPPLE IN THIS REGARD, TESLER REPLIED THAT THE MINISTRY WAS ALREADY USING SOME OF THE FIRM'S EQUIPMENT AND WAS INTERESTED IN FURTHER PURCHASES. (HE ALSO CONFIRMED THAT THE MINISTRY WILL BE THE RECIPIENT OF FIFTY MACHINES RECENTLY ORDERED

FROM D-K'S BELGIAN COMPETITOR.) THE MINISTRY OFFICIALS UNDERSTOOD THAT U.S. FIRMS MANUFACTURE EQUIPMENT CAPABLE OF PICKING UP AND DUMPING GRAIN TRUCKS OF UP TO 100 TONS AND EXPRESSED INTEREST IN THIS MACHINERY. TESLER ALSO MENTIONED A STRONG INTEREST IN EQUIPMENT FOR TRANSPORTING GRAIN WITHIN THE ELEVATOR, ESPECIALLY MACHINERY WITH A 1000 TON PER HOUR CAPACITY, WHICH HE BELIEVES SOME AMERICAN FIRMS MANUFACTURE.

G) RAILROAD CARS FOR CARRYING GRAIN: (NOTE: WE UNDERSTAND PULLMAN IS ALREADY EXPLORING THIS SOVIET INTEREST IN LARGE-CAPACITY HOPPER CARS.)

H) GENERAL: TESLER EXPRESSED PARTICULAR INTEREST IN ANY FIRM OFFERING A FULL RANGE OF ELEVATOR EQUIPMENT.

3. IN ADDITION TO THE ABOVE THE MINISTRY OFFICIALS REQUESTED BACKGROUND INFORMATION ON GRAIN STORAGE IN THE UNITED STATES. THEY ASKED IN PARTICULAR FOR:

(A) RECENT (POST-1970) PUBLICATIONS ON THE GRAIN STORAGE INDUSTRY; (B) INFORMATION ON THE REPAIR AND MAINTENANCE OF GRAIN STORAGE AND HANDLING EQUIPMENT; (C) DESCRIPTIONS OF RECENTLY-CONSTRUCTED AMERICAN ELEVATORS AND THE LEVEL OF AUTOMATION IN THESE FACILITIES; (C) ANY STUDIES CONDUCTED ON THE OPTIMAL DIMENSIONS OF GRAIN ELEVATORS; (D) INFORMATION ON THE UTILIZATION OF METAL SILOS IN THE UNITED STATES AND THE TECHNOLOGY OF GRAIN STORAGE IN THEM; (F) INFORMATION ON INSTITUTES AND UNIVERSITIES DEVELOPING NEW TECHNOLOGY AND EQUIPMENT FOR GRAIN STORAGE AND HANDLING.

4. FOLLOW-UP:

A) COMMATT IS BRINGING THIS OPPORTUNITY TO THE ATTENTION OF LIMITED OFFICIAL USE

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THE FOLLOWING FIRMS, WHICH HAVE BEEN IN CONTACT WITH USCO: BESSER, BUTLER, CAMPBELL, DUNBAR-KAPPLE, NEOTEC, GEORGE A. ROLFES, AND A.O. SMITH. WE SUGGEST, HOWEVER, THAT BEWT/TDAD OFFICERS FOLLOW UP IN A FEW WEEKS WITH A PHONE CALL.

B) WE PRESUME BEWT/TDAD WILL NOTIFY OTHER POTENTIAL SUPPLIERS. A LIST OF FIRMS CONTACTED WOULD BE HELPFUL FOR OUR FOLLOW-UP WITH THE MINISTRY.

C) COMMATT AND AGATT WOULD BE HAPPY TO AUTHOR AN ARTICLE FOR "COMMERCE TODAY" ON THIS OPPORTUNITY.

D) SINCE MOST OF THESE PRODUCTS CANNOT BE EASILY DISPLAYED IN THE SOVIET UNION, WE RECOMMEND USDOC AND USDA CONSIDER ASSISTING POTENTIAL SUPPLIERS TO EXTEND A JOINT INVITATION FOR

A SOVIET REVERSE TRADE MISSION OF MINISTRY AND FTO OFFICIALS.
USG FUNDS WOULD NOT BE REQQUIRED AS THE SOVIETS WOULD PAY THEIR
OWN INTERNATIONAL TRANSPORTATION COSTS AND THE HOST COMPANIES
WOULD ASSUME THEIR EXPENSES IN THE UNITED STATES.

E) IN ADVISING PROSPECTIVE SUPPLIERS WE SUGGEST BEWT/TDAD
RECOMMEND THAT INITIAL RESPONSES BE ADDRESSED TO THE APPROPRIATE
FTO AND TO M.M. KUZNETSOV, CHIEF, FOREIGN RELATIONS DEPARTMENT,
MINISTRY OF PROCUREMENTS, CHISTYE PRUDY 12-A, MOSCOW K-451.
FOR EFFECTIVE FOLLOW UP COPIES SHOULD BE SENT TO USCO OR THE
ORIGINALS FORWARDED TO US FOR DELIVERY.

F) TO ENCOURAGE FURTHER COOPERATION FROM THE MINISTRY, WE
SHOULD RESPOND AS FULLY AS POSSIBLE TO THEIR WANT LIST IN
PARA 3. USDA AND USDOC ASSISTANCE IN COMPILING THIS INFORMATION
WOULD BE GREATLY APPRECIATED.

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